

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2323

By: Smith (Dale)

AS INTRODUCED

An Act relating to schools; creating the School District Budget Act; stating purpose of the act; making participation optional; stating application and effective time of act; providing definitions; providing for preparation and submission of school district budget; stating purpose of school district budget; stating contents of budget; stating effect of adopted budget; providing for levy of certain taxes; providing for taxpayer protests of budget; providing procedure for protest; allowing examination of filed budget; providing for expenditure of budgeted funds; allowing certain fund balances to be carried forward; making certain fund deficits or expenditures unlawful; stating penalty for certain unlawful obligation or expenditure; providing for the establishment of certain funds; stating certain types of funds; requiring certain classification of revenues and expenditures; providing for the transfer of certain unexpended or unencumbered appropriations; allowing amendments to the budget for supplemental appropriations; requiring certain action if revenues are insufficient to meet requirements of appropriations; requiring adoption and filing of

budget amendments; providing for codification;  
providing an effective date; and declaring an  
emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 5-150 of Title 70, unless there  
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "School District  
Budget Act".

SECTION 2. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 5-151 of Title 70, unless there  
is created a duplication in numbering, reads as follows:

The purpose of the School District Budget Act is to provide an  
alternate budget procedure for school districts which will:

1. Establish standard and sound fiscal procedures for the  
adoption and administration of budgets;
2. Make available to the public and investors sufficient  
information as to the financial conditions, requirements and  
expectations of the school district; and
3. Assist school districts to improve and implement generally  
accepted standards of financial management as promulgated by the  
Governmental Accounting Standards Board (GASB).

SECTION 3. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 5-152 of Title 70, unless there  
is created a duplication in numbering, reads as follows:

The School District Budget Act shall be optional and shall apply  
only to a school district which, by resolution of the governing  
body, votes to comply with the provisions of the School District

Budget Act. If the governing body of a school district votes to comply with the School District Budget Act to govern its budget procedures, the provisions of the School District Budget Act shall take precedence over any other state laws applicable to school budgets, except as otherwise provided by the School District Budget Act. Any action of a school district governing body to implement or repeal budgeting procedures in compliance with the School District Budget Act shall be effective only at the beginning or end of a budget year respectively pursuant to the School District Budget Act.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-153 of Title 70, unless there is created a duplication in numbering, reads as follows:

As used in the School District Budget Act:

1. "Account" means an entity for recording specific revenues or expenditures, or for grouping related or similar classes of revenues and expenditures and recording them within a fund;
2. "Appropriation" means an authorization and allocation of money to be expended for a purpose;
3. "Budget" means a plan of financial operations for a fiscal year, including an estimate of proposed expenditures for given purposes and the proposed means for financing them;
4. "Budget summary" means a tabular listing of revenues by source and expenditures by fund for the budget year;
5. "Budget year" means the fiscal year for which a budget is prepared or is being prepared;
6. "Chief executive officer" means the superintendent of an independent school district or the elementary superintendent of a dependent school district;
7. "Current year" means the year in which the budget is prepared and adopted, or the fiscal year immediately preceding the budget year;

8. "Deficit" means the excess of the liabilities of a fund over its assets as reflected by its books of record;

9. "Estimated revenue" means the amount of revenues estimated to be received during the budget year in each fund for which a budget is prepared;

10. "Fiscal year" means the annual period for reporting fiscal operations which begins and ends on dates as the Legislature provides;

11. "Fund" means an independent fiscal and accounting entity with a self-balancing set of accounts to record cash and other financial resources, together with all liabilities, which are segregated for the purpose of carrying on specific activities for attaining certain objectives;

12. "Fund balance" means the excess of the assets of a fund over its liabilities, as reflected by its books of record;

13. "Governing body" means the board of education of the school district;

14. "Immediate prior fiscal year" means the year preceding the current year;

15. "Levy" means to impose ad valorem taxes or the total amount of ad valorem taxes for a purpose or entity;

16. "Operating reserve" means that portion of the fund balance which has not been appropriated in a budget year; and

17. "School district" means any independent or dependent school district.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-154 of Title 70, unless there is created a duplication in numbering, reads as follows:

For a school district acting in accordance with the School District Budget Act, within sixty (60) days following the beginning of each fiscal year, a budget for the school district shall be approved by the governing body. The chief executive officer may

require any other officer or employee who is charged with the management or control of any department or office of the school district to furnish estimates for the fiscal year covering estimated revenues and expenditures of the department or office on or before a date set by the chief executive officer.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-155 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The school district budget shall represent a complete plan for the school district and shall present information necessary and proper to disclose the financial position and condition of the school district and the revenues and expenditures thereof, both past and anticipated.

B. A school district budget shall contain a budget summary. It shall also be accompanied by a budget message which shall explain the budget and describe its important features. It shall contain at least the following in tabular form for each fund:

1. Actual revenues and expenditures for the immediate prior fiscal year;

2. Revenues and expenditures for the current fiscal year as shown by the budget for the current year as adopted or amended; and

3. Estimates of revenues and expenditures for the budget year.

C. The adopted budget shall be in effect on and after the sixty-first day of the fiscal year to which it applies. The budget as adopted and filed with the State Auditor and Inspector shall constitute an appropriation for each fund, and the appropriation thus made shall not be used for any other purpose except as provided by law.

D. At the time required by law, the county excise board shall levy the taxes necessary for the school district sinking fund for the budget year.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-156 of Title 70, unless there is created a duplication in numbering, reads as follows:

Within fifteen (15) days after the filing of any school district budget with the State Auditor and Inspector, any taxpayer may file protests against any alleged illegality of the budget in the manner provided by this section and Sections 3023 through 3031 of Title 68 of the Oklahoma Statutes. The fifteen-day protest period begins upon the date the budget is received in the Office of the State Auditor and Inspector. After receipt of a taxpayer protest, the State Auditor and Inspector shall transmit by certified mail one copy of each protest to the clerk of the board of education, and one copy of each protest to the school district treasurer and the excise board of each county in which the school district is located. The taxpayer protest shall specify the alleged illegality in the budget and the grounds upon which the alleged illegality is based. Any protest filed by any taxpayer shall inure to the benefit of all taxpayers. If no protest is filed by any taxpayer within the fifteen-day period, the budget and any appropriations thereof shall be deemed legal and final until amended by the governing body or the county excise board as authorized by law. Taxpayers shall have the right at all reasonable times to examine the budget on file with the clerk of the board of education, the county excise board, or the State Auditor and Inspector for the purpose of checking illegalities in the budget or for filing protests in accordance with this section and Sections 3023 through 3031 of Title 68 of the Oklahoma Statutes.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-157 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. No expenditure may be authorized or made by any officer or employee of a school district which exceeds any fund balance for any fund of the budget as adopted or amended or which exceeds the

appropriation for any fund of the budget as adopted or amended. Any balance remaining in a fund at the end of the budget year shall be carried forward to the credit of the fund for the next budget year pursuant to law.

B. It shall be unlawful for any officer or employee of the school district in any budget year:

1. To create or authorize creation of a deficit in any fund; or
2. To authorize, make or incur expenditures or encumbrances in excess of one hundred percent (100%) of the appropriation for any fund of the budget as adopted or amended until revenues in an amount equal to at least one hundred percent (100%) of the appropriation for the fund have been collected. Any fund balance which is included in the appropriation for the fund is considered revenue in the budget year for which it is appropriated. Expenditures may then be made and authorized so long as any expenditure does not exceed any fund balance.

C. Any obligation that is contracted or authorized by any officer or employee in violation of this act shall become the obligation of the officer or employee himself and shall not be valid or enforceable against the school district. Any officer or employee who violates this act shall forfeit his office or position and shall be subject to such civil and criminal punishments as are provided by law. Any obligation, authorization for expenditure or expenditure made in violation of this act shall be illegal and void.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-158 of Title 70, unless there is created a duplication in numbering, reads as follows:

A school district shall establish funds consistent with legal and operating requirements. Each school district shall maintain according to its own needs some or all of the following funds or ledgers in its system of accounts:

1. A general fund, to account for all monies received and disbursed for general school district purposes, including all assets, liabilities, reserves, fund balances, revenues and expenditures which are not accounted for in any other fund or special ledger account;

2. Special revenue funds, as required, to account for the proceeds of specific revenue sources that are restricted by law to expenditures for specified purposes;

3. Debt service fund, which shall include the school district sinking fund, established to account for the retirement of general obligation bonds, building bonds, transportation bonds or other long term debt and payment of interest thereon and judgments as provided by law. Any monies pledged to service general obligation bonds, building bonds, transportation bonds or other long term debt must be deposited in the debt service fund;

4. Capital improvement fund, to account for financial resources segregated for acquisition, construction or other improvement related to capital facilities other than those financed by general long term debt;

5. Enterprise funds, to account for operations that are financial and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation), of providing goods or services on a continuing basis be financed or recovered primarily through user charges or where there is a periodic need to determine revenues earned, expenses incurred or net income for a service or program;

6. Trust and agency funds, to account for assets held by the school district as trustee or agent for individuals, private organizations or other governmental units or purposes, such as a retirement fund, employee health insurance fund or a school activity fund;



7. Internal service funds, to account for the financing of goods or services provided by one department or agency of the school district to another department or agency, or to another government, on a cost reimbursement basis;

8. A ledger or group of accounts in which to record the details relating to the general fixed assets of the school district;

9. A ledger or group of accounts in which to record the details relating to the general obligation bonds, building bonds, transportation bonds or other long term debt of the school district; or

10. Such other funds or ledgers as may be established by the board of education.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-159 of Title 70, unless there is created a duplication in numbering, reads as follows:

Each fund shall be made up of accounts for classifying revenues and expenditures. Revenues shall be classified separately by source. Expenditures shall be classified into the dimensions required by the State Department of Education, or, for vocational technical schools, the State Department of Vocational and Technical Education.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-160 of Title 70, unless there is created a duplication in numbering, reads as follows:

The chief executive officer, or designee, as authorized by the governing body, may transfer any unexpended and unencumbered appropriation or any portion thereof from one account to another within the same fund; except that no appropriation for debt service or other appropriation required by law or regulation may be reduced below the minimums required. Other interfund transfers may be made only as authorized by this act or as provided in the budget as adopted or amended according to this act. Whenever the necessity

for maintaining any special fund of a school district has ceased to exist and a balance remains in the fund, the governing body may authorize the transfer of the balance to the general fund. Applicable law shall govern the use or transfer of any remaining balance in any debt service or bond fund.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-161 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The governing body may amend the budget to make supplemental appropriations to any fund up to the amount of additional revenues which are available for current expenses as shown by a fund balance for the fund due to:

1. Revenues received from sources not anticipated in the budget for that year;

2. Revenues received from anticipated sources but in excess of the budget estimates therefor; or

3. Unexpended unencumbered cash balances on hand at the end of the preceding fiscal year which had not been anticipated in the budget. Any appropriation authorizing the creating of an indebtedness shall be governed by the applicable provisions of Article X of the Oklahoma Constitution.

B. If at any time during the budget year it appears probable that revenues available will be insufficient to meet the amount appropriated, or that due to unforeseen emergencies there temporarily is insufficient money in a particular fund to meet the requirements of appropriation for the fund, the governing body may amend the budget to reduce one or more appropriations or it may amend the budget to transfer money from one fund to another fund, but no appropriation for debt service may be reduced and no appropriation may be reduced by more than the amount of the unencumbered and unexpended balance. No transfer shall be made from

the debt service fund to any other fund except as may be permitted by the terms of the bond issue or by law.

C. Any budget amendment, as provided in this section, authorizing supplemental appropriations or a decrease or change in appropriation or funds shall be adopted by the governing body at a meeting held in accordance with the Oklahoma Open Meeting Act and filed with the clerk of the board of education, the county excise board of each county in which the school district is located, and the State Auditor and Inspector.

SECTION 13. This act shall become effective July 1, 1996.

SECTION 14. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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